



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22e étage
20, rue queen ouest
Toronto ON M5H 3S8

**IN THE MATTER OF THE *SECURITIES ACT*,
R.S.O. 1990, c. S.5, AS AMENDED**

- AND -

**IN THE MATTER OF BUNTING & WADDINGTON INC., ARVIND SANMUGAM
and JULIE WINGET**

**SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
BUNTING & WADDINGTON INC. AND JULIE WINGET**

PART I - INTRODUCTION

1. By Amended Notice of Hearing dated June 3, 2013, the Ontario Securities Commission (the “Commission”) announced that it proposed to hold a hearing, commencing on July 10, 2013, to consider whether, pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”), it is in the public interest to make orders, as specified therein, against Bunting & Waddington Inc. (“Bunting & Waddington”), Arvind Sanmugam (“Sanmugam”), and Julie Winget (“Winget”). The Amended Notice of Hearing was issued in connection with the allegations as set out in the Amended Statement of Allegations of Staff of the Commission (“Staff”) dated May 30, 2013 (the “Amended Statement of Allegations”).

2. The Commission will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to section 127 of the Act, it is in the public interest for the Commission to approve this Settlement Agreement between Staff, Bunting & Waddington and Winget (the “Settlement Agreement”), and to make certain orders in respect of Bunting & Waddington and Winget.

PART II – JOINT SETTLEMENT RECOMMENDATION

3. Staff agree to recommend settlement of the proceeding initiated by the Amended Notice of Hearing against Bunting & Waddington and Winget in accordance with the terms and conditions set out below. Bunting & Waddington and Winget consent to the making of an order against them in the form attached as Schedule “A” on the basis of the facts set out below.

PART III – AGREED FACTS

A. Background

4. Bunting & Waddington was incorporated in November 2001 pursuant to the *Business Corporations Act*, R.S.O. 1990, c. B.16, and conducted business in several locations in the Toronto area.

5. Sanmugam was at all times the directing mind and *de facto* director of Bunting & Waddington. He is an Ontario resident.

6. Winget is an Ontario resident, Sanmugam’s common law wife and was the sole registered director of Bunting & Waddington.

B. Bunting & Waddington Inc.

7. Bunting & Waddington held itself out as providing “market commentary” to its clients, who are investors located in Ontario, other provinces in Canada, and the United States (the “Investors”). Market commentary includes advice on buying and selling specific securities at particular prices on a specific date.

8. Sanmugam directed Investors to open “trading accounts with margins and options” at an online discount brokerage service (the “Investor Accounts”). Sanmugam exercised control over the Investor Accounts in two ways:

- (a) Investors would provide the login identification and passwords to their trading accounts to Sanmugam and he would execute trades in those accounts, or
- (b) Sanmugam would direct Investors to execute specific trades within their accounts.

9. Bunting & Waddington and Sanmugam represented to some or all of the Investors that they could expect to earn a monthly return of \$8,000 on a total investment of \$100,000. Provided this 8% return was achieved in any given month, investors would pay Bunting & Waddington a monthly retainer of \$3,500.

10. Bunting & Waddington and Sanmugam exercised control over more than \$4,000,000 of Investors' funds in respect of trading and advising activities directed by Sanmugam.

11. Bunting & Waddington and Sanmugam made the following misrepresentations to some or all of the Investors:

- (a) Sanmugam was a successful trader;
- (b) he had over 75 advisors working for him at Bunting & Waddington
- (c) Bunting & Waddington's market commentators were highly experienced and each had a proven track record of generating high rates of return; and
- (d) Investors would always retain full control over their invested funds.

12. These representations were misleading in the following ways:

- (a) through his trading and advising activities, Sanmugam lost over \$3,600,000 of Investors' funds between February 2006 and June 2010 alone;
- (b) there is no evidence of Sanmugam having any advisors working for him at Bunting & Waddington;
- (c) Sanmugam was the only market commentator at Bunting & Waddington; and
- (d) there is no evidence of Sanmugam having a proven track record of generating high rates of return.

C. Winget

13. Winget incorporated Bunting & Waddington in November 2001, and was its sole registered director.

14. In furtherance of trading activities, Winget opened the bank accounts for Bunting & Waddington and was the sole signatory over those accounts. She caused Bunting & Waddington business expenses to be paid from those accounts either by cheque or by arranging for a payroll service.

15. During the material period, Winget received a net amount of more than \$500,000 in transfers into her personal bank account from Bunting & Waddington directly and/or from Bunting & Waddington via Sanmugam.

16. Winget as director of Bunting & Waddington authorized, permitted or acquiesced in the corporate respondent's trading without registration in non-compliance with Ontario securities law and accordingly, failed to comply with Ontario securities law pursuant to section 129.2 of the Act.

Sanmugam's criminal conviction

17. On September 5, 2012, in the Superior Court of Justice, Sanmugam pleaded guilty to and was convicted of three counts of fraud over \$5,000 contrary to s. 380(1)(a) of the *Criminal Code*, R.S.C., 1985, c. C-46 in respect of his conduct arising from the facts in this matter.

18. On November 9, 2012, Sanmugam was sentenced to a term of imprisonment of five years and was ordered to pay restitution of over \$1,000,000.00.

PART IV - CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND CONTRARY TO THE PUBLIC INTEREST

19. By engaging in the conduct described above, Bunting & Waddington and Winget admit and acknowledge that they contravened Ontario securities law by trading and engaging in or holding themselves out as engaging in the business of trading in securities without being registered to do so and without an exemption from the dealer registration requirement contrary to subsection 25(1)(a) of the Act as that section existed at the time the conduct at issue commenced in July 2006, and contrary to subsection 25(1) of the Act as subsequently amended on September 28, 2009.

20. By engaging in the conduct described above, Bunting & Waddington admits and acknowledges that it contravened Ontario securities law in the following ways:

- (a) Advising and engaging in or holding itself out as engaging in the business of advising with respect to investing in, buying or selling securities without being registered to do so and without an exemption from the advisor registration requirement contrary to subsection 25(1)(c) of the Act as that section existed at the time the conduct at issue commenced in July 2006, and contrary to subsection 25(3) of the Act as subsequently amended on September 28, 2009; and
- (b) Directly or indirectly engaging in or participating in an act, practice or course of conduct relating to securities that it knew or reasonably ought to have known, perpetrated a fraud on investors contrary to subsection 126.1(b) of the Act.

21. Winget admits and acknowledges that as director of Bunting & Waddington she authorized, permitted or acquiesced in the corporate respondent's trading without registration in non-compliance with Ontario securities law contrary to subsection 25(1)(a) of the Act as that section existed at the time, the conduct at issue commenced in July 2006, and contrary to subsection 25(1) of the Act as subsequently amended on September 28, 2009, and accordingly, failed to comply with Ontario securities law pursuant to section 129.2 of the Act.

22. Bunting & Waddington and Winget admit and acknowledge that they acted contrary to the public interest by contravening Ontario securities law as set out in paragraphs 19-21 above.

PART V - TERMS OF SETTLEMENT

23. Bunting & Waddington and Winget agree to the terms of settlement listed below.

24. The Commission will make an order, pursuant to subsection 127(1) and section 127.1 of the Act, that:

- (a) the Settlement Agreement is approved;
- (b) trading in any securities by Bunting & Waddington cease permanently and trading in any securities by Winget cease for 7 years from the date of the approval of the Settlement Agreement;
- (c) the acquisition of any securities by Bunting & Waddington is prohibited permanently and the acquisition of any securities by Winget is prohibited for 7 years from the date of the approval of the Settlement Agreement;

- (d) any exemptions contained in Ontario securities law do not apply to Bunting & Waddington permanently and do not apply to Winget for a period of 7 years from the date of the approval of the Settlement Agreement;
- (e) Winget resign any position she holds as a director or as an officer of any issuer, registrant or investment fund manager;
- (f) Winget is prohibited for a period of 7 years from the date of the approval of the Settlement Agreement from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;
- (g) Winget is prohibited for a period of 7 years from the date of the approval of the Settlement Agreement from becoming or acting as a registrant, as an investment fund manager or as a promoter;
- (h) Winget shall pay an administrative penalty of \$50,000 to the Commission which is designated for allocation or use by the Commission in accordance with section 3.4(2)(b) of the Act;
- (i) Winget shall disgorge to the Commission the amount of \$500,000 which is designated for allocation or use by the Commission in accordance with section 3.4(2)(b) of the Act;
- (j) Winget shall pay the costs of the Commission's investigation in the amount of \$25,000;
- (k) in the event that Winget refuses or fails to pay any of the monetary orders in subparagraphs 24(h), (i) and (j) (the "Monetary Orders"), the 7 year period referred to in subparagraphs (b), (c), (d), (f) and (g) is extended until the Monetary Orders are paid in full;
- (l) the terms of subparagraph 24(i) above shall not give rise to or confer upon any person, including any investor (i) any legal right or entitlement to receive, or any interest in, amounts received by the Commission under the order for disgorgement, or (ii) any right to receive notice of any application by Staff to the

Commission made in connection with that paragraph or of any exercise by the Commission of any discretion granted to it under that paragraph;

- (m) Winget undertakes to consent to a regulatory order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the sanctions set out in subparagraphs 22(b) to (f) above.

PART VI - STAFF COMMITMENT

25. If this Settlement Agreement is approved by the Commission, Staff will not initiate any other proceeding under the Act against Bunting & Waddington and Winget in relation to the facts set out in Part III herein, subject to the provisions of paragraph 26 below.

26. If this Settlement Agreement is approved by the Commission, and at any subsequent time Bunting & Waddington or Winget fail to honour the terms of the Settlement Agreement, Staff reserve the right to bring proceedings under Ontario securities law against Bunting & Waddington and Winget based on, but not limited to, the facts set out in Part III herein as well as the breach of the Settlement Agreement.

PART VII - PROCEDURE FOR APPROVAL OF SETTLEMENT

27. Approval of this Settlement Agreement will be sought at a hearing of the Commission scheduled on a date to be determined by the Secretary to the Commission, or such other date as may be agreed to by Staff, Bunting & Waddington and Winget for the scheduling of the hearing to consider the Settlement Agreement.

28. Staff, Bunting & Waddington and Winget agree that this Settlement Agreement will constitute the entirety of the agreed facts to be submitted at the settlement hearing regarding their conduct, unless the parties agree that further facts should be submitted at the settlement hearing.

29. If this Settlement Agreement is approved by the Commission, Bunting & Waddington and Winget agree to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

30. If this Settlement Agreement is approved by the Commission, none of the parties shall make any public statement that is inconsistent with this Settlement Agreement or inconsistent with any additional agreed facts submitted at the settlement hearing.

31. Whether or not this Settlement Agreement is approved by the Commission, Bunting & Waddington and Winget agree that they will not, in any proceeding, refer to or rely upon this Settlement Agreement or the settlement negotiations as the basis of any attack on the Commission's jurisdiction, alleged bias or appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

32. If, for any reason whatsoever, this Settlement Agreement is not approved by the Commission or the order attached as Schedule "A" is not made by the Commission:

- (a) this Settlement Agreement and its terms, including all settlement negotiations between Staff and Bunting & Waddington and Winget leading up to its presentation at the settlement hearing, shall be without prejudice to Staff and Bunting & Waddington and Winget; and
- (b) Staff and Bunting & Waddington and Winget shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing on the merits of the allegations in the Amended Notice of Hearing and Amended Statement of Allegations of Staff, unaffected by the Settlement Agreement or the settlement discussions/negotiations.

33. The terms of this Settlement Agreement will be treated as confidential by all parties hereto until approved by the Commission. Any obligations of confidentiality shall terminate upon approval of this Settlement Agreement by the Commission. The terms of the Settlement Agreement will be treated as confidential forever if the Settlement Agreement is not approved for any reason whatsoever by the Commission, except with the written consent of Bunting & Waddington and Winget and Staff or as may be required by law.

PART IX - EXECUTION OF SETTLEMENT AGREEMENT

34. This Settlement Agreement may be signed on one or more counterparts which together will constitute a binding agreement.

35. A facsimile copy of any signature will be as effective as an original signature.

Signed in the presence of:

“John Antonelli”

“Julie Winget”

Witness

**On behalf of Bunting & Waddington
by Julie Winget, Director**

“John Antonelli”

“Julie Winget”

Julie Winget on her own behalf

Dated this “29th” day of August, 2013

STAFF OF THE ONTARIO SECURITIES COMMISSION

“Tom Atkinson”

Tom Atkinson
Director, Enforcement Branch

Dated this “3rd” day of September, 2013.



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de l'Ontario

P.O. Box 55, 22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

CP 55, 22e étage
20, rue queen ouest
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Schedule "A"

**IN THE MATTER OF THE *SECURITIES ACT*,
R.S.O. 1990, c. S.5, AS AMENDED**

- and -

**IN THE MATTER OF BUNTING & WADDINGTON INC., ARVIND SANMUGAM
and JULIE WINGET**

- and -

**IN THE MATTER OF A SETTLEMENT AGREEMENT BETWEEN STAFF OF THE
ONTARIO SECURITIES COMMISSION AND BUNTING & WADDINGTON INC. AND
JULIE WINGET**

**ORDER
(Subsection 127(1) and Section 127.1)**

WHEREAS on March 22, 2012, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing (the "Notice of Hearing") pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on March 22, 2012, to consider whether it is in the public interest to make certain orders against Bunting & Waddington Inc. ("B&W"), Arvind Sanmugam ("Sanmugam"), Julie Winget ("Winget") and Jenifer Brekelmans ("Brekelmans") (collectively, the "Respondents");

AND WHEREAS on April 13, 2012, Staff filed Affidavits of Service evidencing service of the Notice of Hearing and the Statement of Allegations on the Respondents;

AND WHEREAS on April 16, 2012, a first appearance hearing was held before the Commission and Staff, Winget and counsel for Brekelmans appeared in person, Sanmugam attended via teleconference and no one appeared for B&W;

AND WHEREAS Staff advised that it was preparing the disclosure in this matter and anticipated that it would deliver the disclosure in two to three weeks;

AND WHEREAS on April 16, 2012, the Commission ordered that the hearing is adjourned to such date and time as set by the Office of the Secretary and agreed to by the parties, for a confidential pre-hearing conference;

AND WHEREAS on May 29, 2012, the Commission ordered that a confidential pre-hearing conference be held on June 19, 2012;

AND WHEREAS on June 19, 2012, a confidential pre-hearing conference was held before the Commission and Staff, Winget and counsel for Brekelmans appeared in person, Sanmugam attended via teleconference and no one appeared for B&W;

AND WHEREAS on June 19, 2012, the Commission ordered that the confidential pre-hearing conference be continued on October 18, 2012 to provide the panel with a status update and, if necessary, to hear any proper motions of Sanmugam;

AND WHEREAS on October 18, 2012, a continuation of the confidential pre-hearing conference was held before the Commission and Staff, Winget and counsel for Brekelmans appeared in person, B&W was represented by Winget, and Sanmugam attended via teleconference;

AND WHEREAS on October 18, 2012, the Commission ordered that the confidential pre-hearing conference be continued on January 18, 2013 to provide the panel with a status update;

AND WHEREAS on January 18, 2013, a continuation of the confidential pre-hearing conference was held before the Commission and Staff and counsel for Brekelmans appeared in person, Sanmugam attended via teleconference, and no one appeared for Winget or B&W;

AND WHEREAS on January 18, 2013, the Commission ordered that the confidential pre-hearing conference be continued on April 26, 2013 to provide the panel with a status update;

AND WHEREAS on April 26, 2013, a continuation of the confidential pre-hearing conference was held before the Commission and Staff appeared in person, Sanmugam attended via teleconference, and no one appeared for Brekelmans, Winget or B&W;

AND WHEREAS Staff and Brekelmans entered into a settlement agreement which was approved by the Commission on May 9, 2013;

AND WHEREAS on June 3, 2013, the Commission issued an Amended Notice of Hearing (the “Amended Notice of Hearing”) pursuant to sections 127 and 127.1 of the Act in connection with an Amended Statement of Allegations (the “Amended Statement of Allegations”) filed by Staff on May 30, 2013 to consider whether it is in the public interest to make certain orders against B&W, Sanmugam and Winget;

AND WHEREAS on June 13, 2013, Staff filed evidence of service of the Amended Notice of Hearing and the Amended Statement of Allegations on B&W, Sanmugam and Winget;

AND WHEREAS Staff applied to convert the portion of the proceeding respecting the request that the Commission make an order pursuant to subsection 127(10) of the Act against Sanmugam from an oral hearing to a written hearing;

AND WHEREAS on June 13, 2013, Staff filed evidence of service of Staff’s application to convert the portion of the proceeding respecting the request that the Commission make an order pursuant to subsection 127(10) of the Act against Sanmugam from an oral hearing to a written hearing;

AND WHEREAS Sanmugam has not filed an objection to the application to convert the portion of the proceeding respecting the request that the Commission make an order pursuant to subsection 127(10) of the Act against him from an oral hearing to a written hearing;

AND WHERAS on July 10, 2013, the Commission ordered that the portion of the proceeding respecting the request that the Commission make an order pursuant to subsection 127(10) against Sanmugam be converted from an oral hearing to a written hearing;

AND WHEREAS on July 10, 2013, the Commission ordered that the confidential pre-hearing conference be continued on September 12, 2013 at 11:00 am to provide the panel with a status update;

AND WHEREAS B & W and Winget entered into a Settlement Agreement with Staff of the Commission (the "Settlement Agreement") in which B & W and Winget agreed to a proposed settlement of the proceeding commenced by the Amended Notice of Hearing, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement, the Amended Notice of Hearing and Amended Statement of Allegations of Staff of the Commission dated May 30, 2013, and upon hearing submissions from B & W and Winget and from Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order;

IT IS HEREBY ORDERED THAT:

- (a) the Settlement Agreement is approved;
- (b) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by B & W cease permanently and trading in any securities by Winget cease for a period of 7 years from the date of the approval of the Settlement Agreement;
- (c) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by B & W is prohibited permanently and the acquisition of any securities by Winget is prohibited for a period of 7 years from the date of the approval of the Settlement Agreement;
- (d) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to B & W permanently and any exemptions contained in Ontario securities law do not apply to Winget for a period of 7 years from the date of the approval of the Settlement Agreement;

- (e) pursuant to paragraphs 7, 8.1 and 8.3, respectively, of subsection 127(1) of the Act, Winget resign any position she holds as a director or as an officer of an issuer, a registrant or an investment fund manager;
- (f) pursuant to paragraphs 8, 8.2 and 8.4, respectively, of subsection 127(1) of the Act, Winget is prohibited for a period of 7 years from the date of the approval of the Settlement Agreement from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;
- (g) pursuant to paragraph 8.5 of subsection 127(1) of the Act, Winget is prohibited for a period of 7 years from the date of the approval of the Settlement Agreement from becoming or acting as a registrant, as an investment fund manager or as a promoter;
- (h) pursuant to paragraph 9 of subsection 127(1) of the Act, Winget pay an administrative penalty of \$50,000 which is designated for allocation or use by the Commission in accordance with section 3.4(2)(b) of the Act;
- (i) pursuant to paragraph 10 of subsection 127(1) of the Act, Winget disgorge to the Commission the amount of \$500,000 which is designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act;
- (j) pursuant to section 127.1 of the Act, Winget shall pay the costs of the Commission's investigation in the amount of \$25,000;
- (k) in the event that Winget refuses or fails to pay any of the monetary orders in subparagraphs (h), (i) and (j) (the "Monetary Orders"), the 7 year period referred to in subparagraphs (b), (c), (d), (f) and (g) is extended until the Monetary Orders are paid in full; and
- (l) the terms of subparagraph (i) above shall not give rise to or confer upon any person, including any investor (i) any legal right or entitlement to receive, or any interest in, amounts received by the Commission under the order for

disgorgement, or (ii) any right to receive notice of any application by Staff to the Commission made in connection with that paragraph or of any exercise by the Commission of any discretion granted to it under that paragraph.

DATED AT TORONTO this day of August, 2013.
